

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 INRE-00 SSO-00 NSCE-00 USIE-00

SP-03 AID-20 EB-11 NSC-07 RSC-01 CIEP-02 TRSE-00

SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 L-03 H-03

PA-04 PRS-01 SAJ-01 AGR-20 DRC-01 /172 W

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FM AMEMBASSY PARIS

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INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL NICE

AMCONSUL STRASBOURG

UNCLAS PARIS 14367

PASS TREASURY AND FEDERAL RESERVE

E. O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: FINANCE MINISTER PROVIDES A FEW ECONOMIC
INDICATORS

IN HIS PRESENTATION TO PRESS OF GOVERNMENT'S
ECONOMIC PROGRAM (SEPTTEL), ECONOMICS AND FINANCE
MINISTER FOURCADE PROVIDED FOLLOWING INDICATORS RE RECENT
AND ANTICIPATED FRENCH ECONOMIC PERFORMANCE:

(1) ECONOMIC ACTIVITY. - ECONOMY IS TODAY OPERATING
AT CAPACITY LIMITS. LABOR SHORTAGES ARE TIGHTER THAN
AT ANY TIME SINCE 1945, WITH 33 PERCENT OF CONSTRUCTION
FIRMS AND 11 PERCENT OF MANUFACTURERS UNABLE TO PRODUCE
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MORE BECAUSE THEY CANNOT GET NECESSARY WORKERS. FINANCE

MINISTER ESTIMATES THAT EVEN AFTER NEW MEASURES HAVE MADE THEMSELVES FELT, REAL GROWTH OF GROSS INTERNAL PRODUCT (FRENCH CONCEPT, WHICH DIFFERS SLIGHTLY FROM GNP) WILL BE CLOSE TO 5 PERCENT FOR 1974 AS A WHOLE.

(2) EXTERNAL BALANCE. - SEASONALLY ADJUSTED TRADE DEFICIT, WHICH AMOUNTED TO NEARLY 2 BILLION FRANCS IN APRIL, IS EXPECTED TO BE MORE THAN 2.5 BILLION FRANCS IN MAY. THIS DEFICIT IS DUE SOLELY TO DETERIORATION OF TERMS OF TRADE. FOREIGN DEMAND FOR FRENCH PRODUCTS REMAINS VERY STRONG. IN FIRST QUARTER OF 1974, EXPORTS BY VOLUME WERE 16 PERCENT HIGHER THAN IN FIRST QUARTER OF 1973, WHEREAS CORRESPONDING FIGURE FOR IMPORTS WAS 10 PERCENT.

(3) BUDGET. - DURING FIRST 5 MONTHS OF 1974, PUBLIC EXPENDITURES WERE 13 PERCENT HIGHER THAN FOR SAME PERIOD LAST YEAR. THIS IS SLIGHTLY LESS THAN VALUE GROWTH OF GROSS INTERNAL PRODUCT.

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